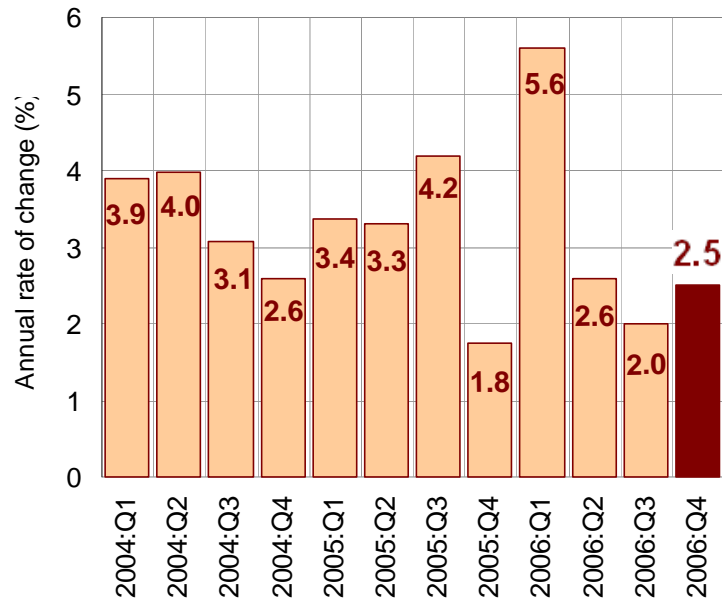


ECONOMIC UPDATE

**LMID Advisory Group Meeting
April 26, 2007**

U.S. Economy

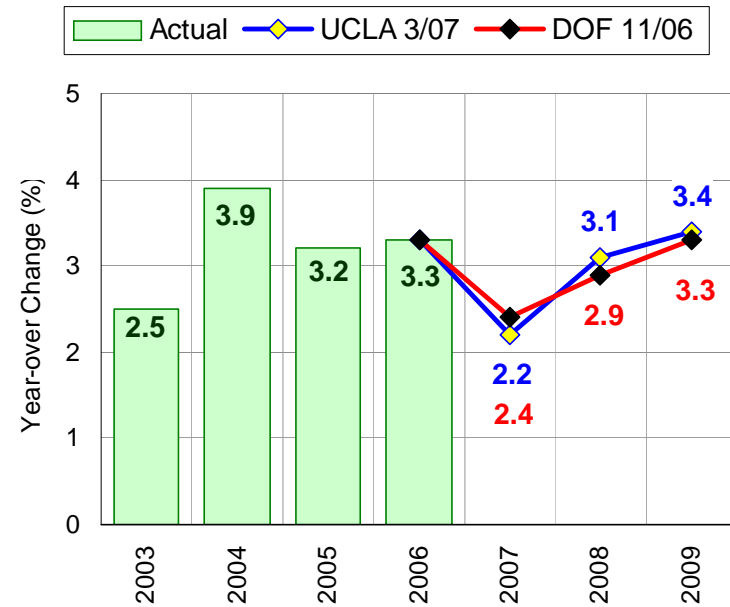
Quarterly U.S. Real Gross Domestic Product, 2004:Q1 - 2006:Q4
(Seasonally adjusted at annual rates)



Annual U.S. Real Gross Domestic Product

Actual: 2003 - 2006

Forecast: 2007 - 2006

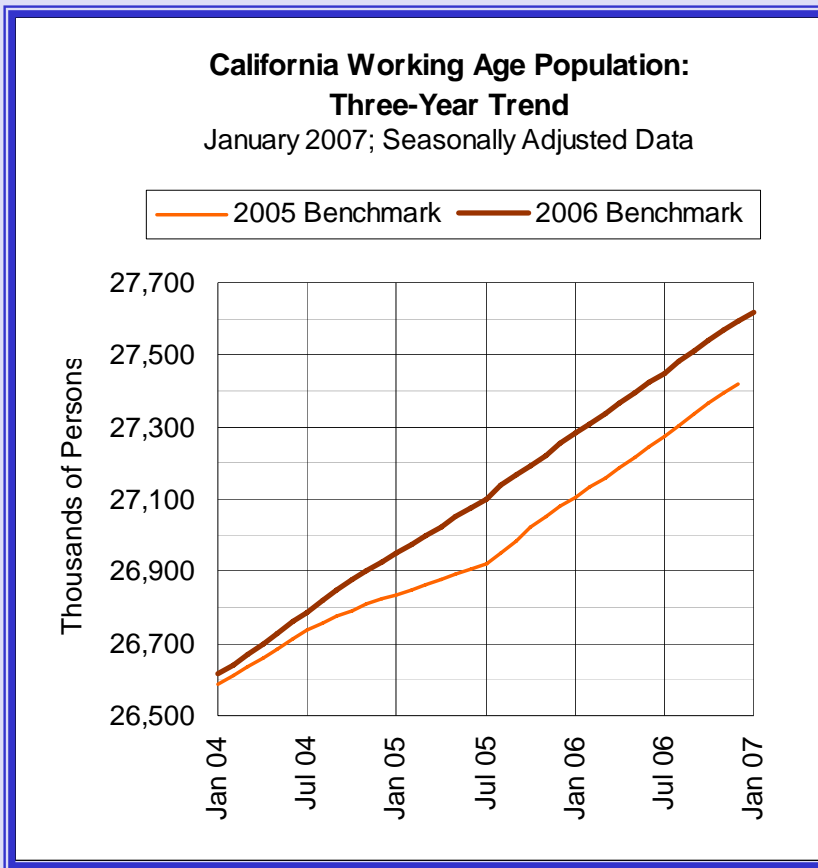


- Housing (including the mortgage industry) will be a drag on the U.S. and California economies through much of this year.



California Labor Force Statistics

Benchmark Revisions



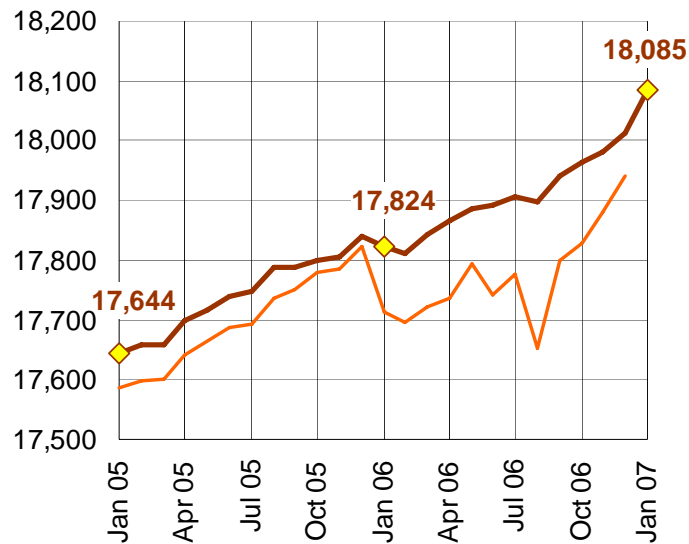
California Labor Force Statistics

Benchmark Revisions

California Labor Force: Two-Year Trend

January 2007; Seasonally Adjusted Data

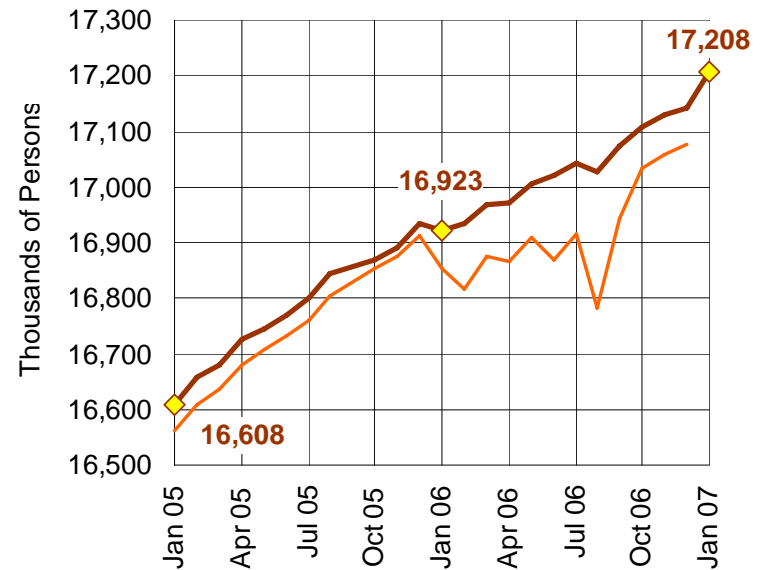
— 2005 Benchmark — 2006 Benchmark



California Civilian Employment Two-Year Trend

January 2007; Seasonally Adjusted Data

— 2005 Benchmark — 2006 Benchmark



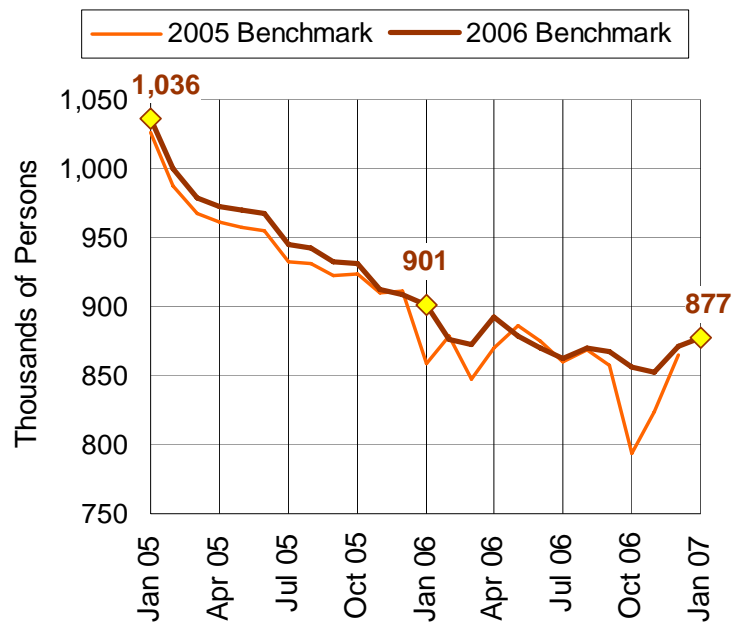
California Labor Force Statistics

Benchmark Revisions

California Civilian Unemployment

Two-Year Trend

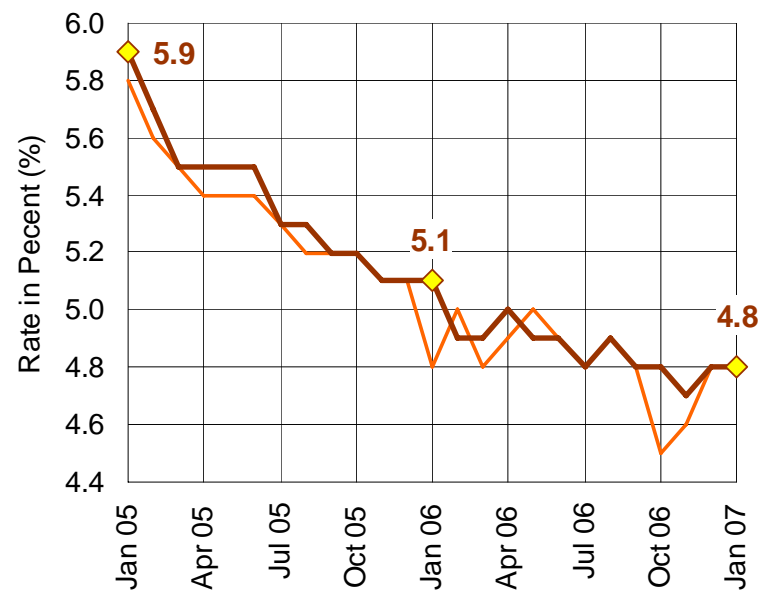
January 2007; Seasonally Adjusted Data



California Unemployment Rate

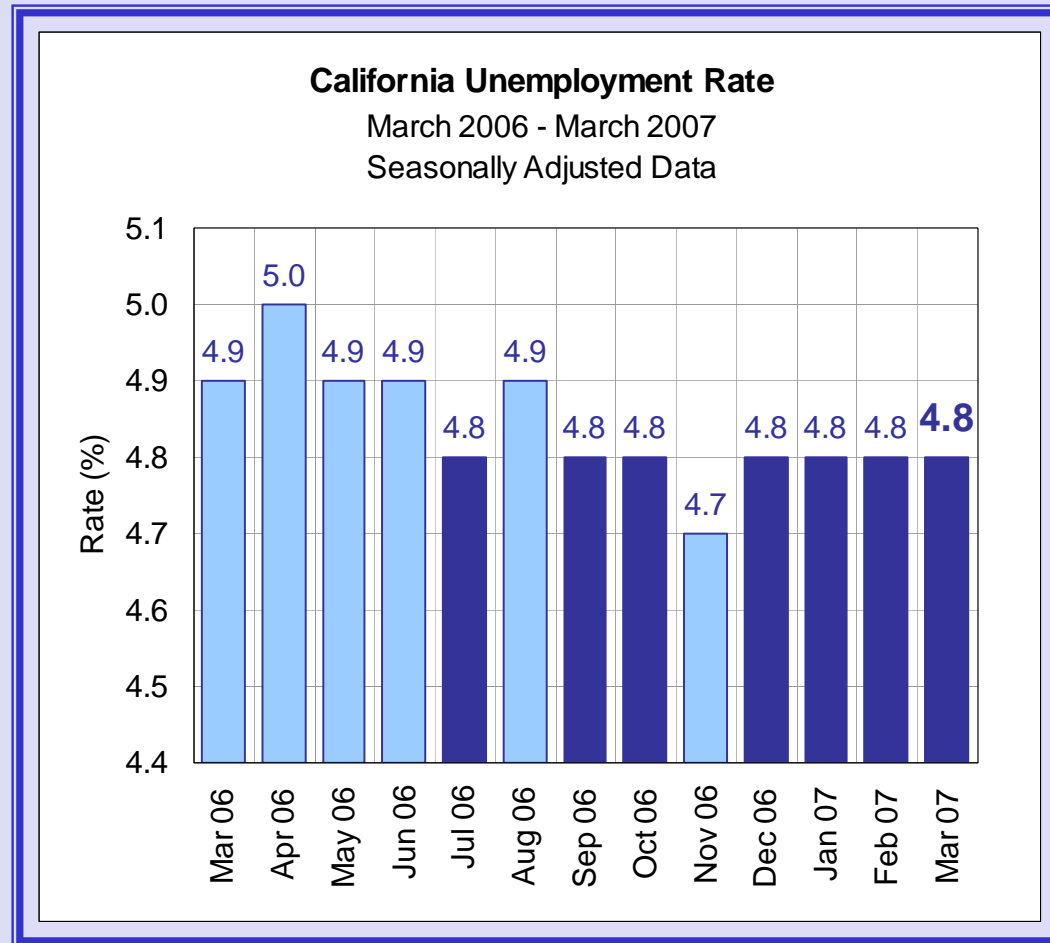
Two-Year Trend

January 2007; Seasonally Adjusted Data



California Current Trends

Unemployment Rate



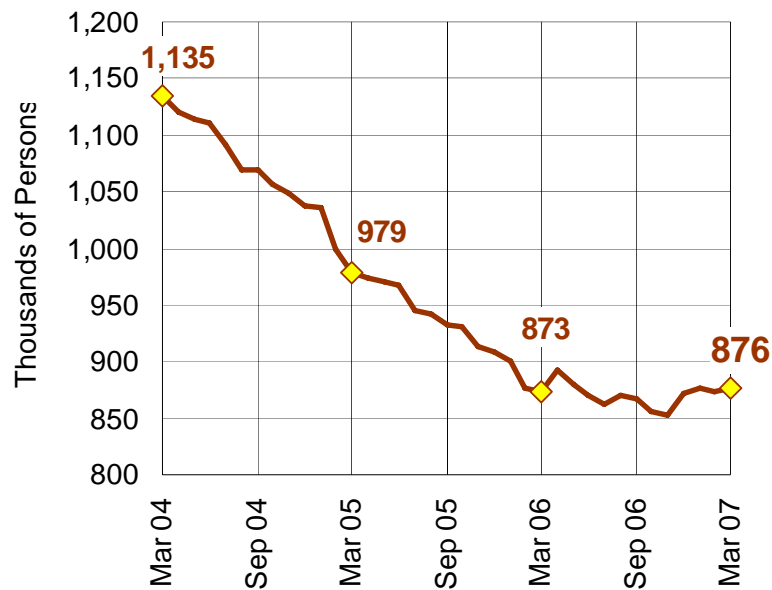
California Current Trends

Employment and Unemployment

California Civilian Unemployment

Three-Year Trend

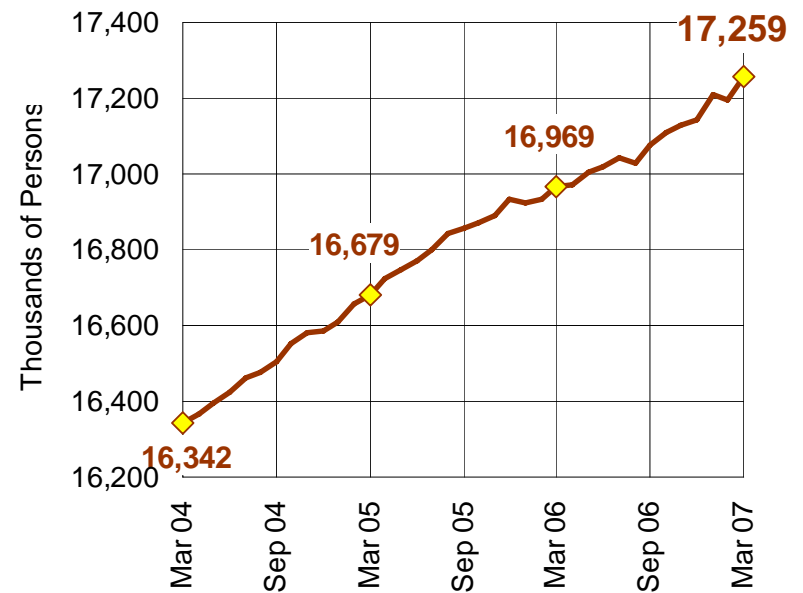
March 2007; Seasonally Adjusted Data



California Civilian Employment

Three-Year Trend

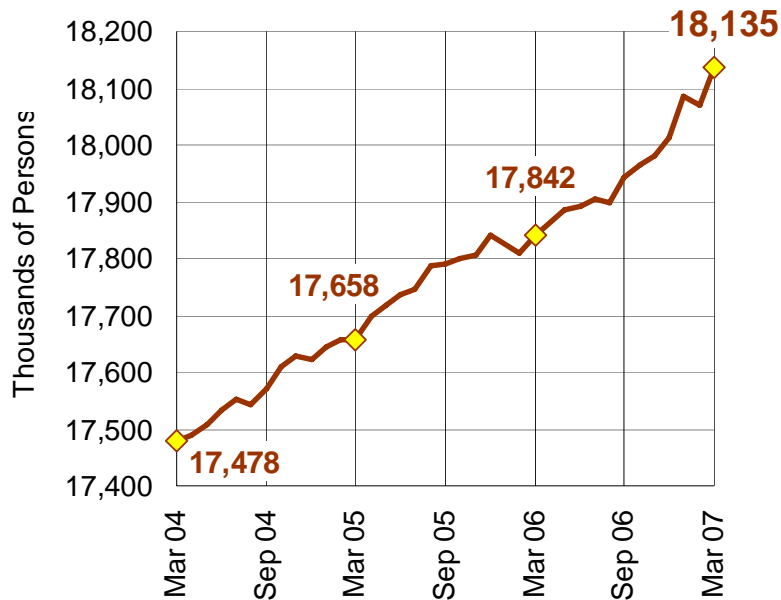
March 2007; Seasonally Adjusted Data



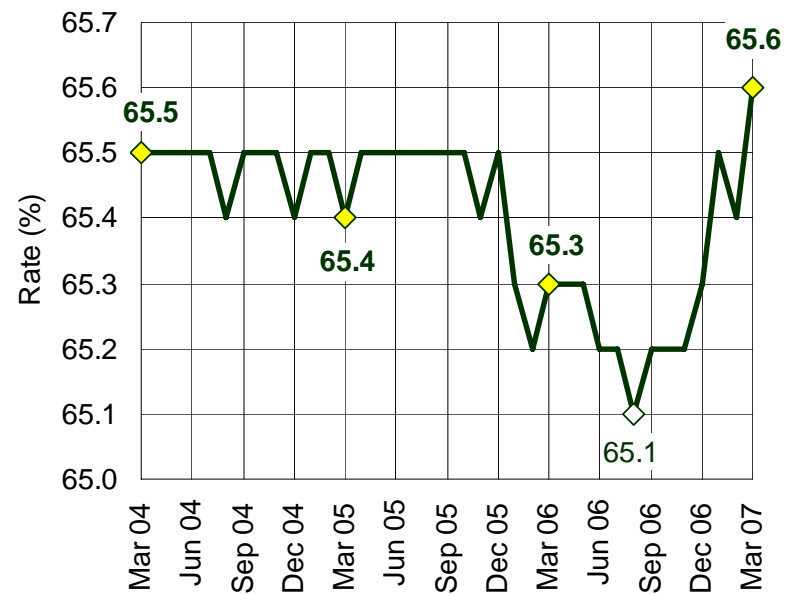
California Current Trends

Labor Force

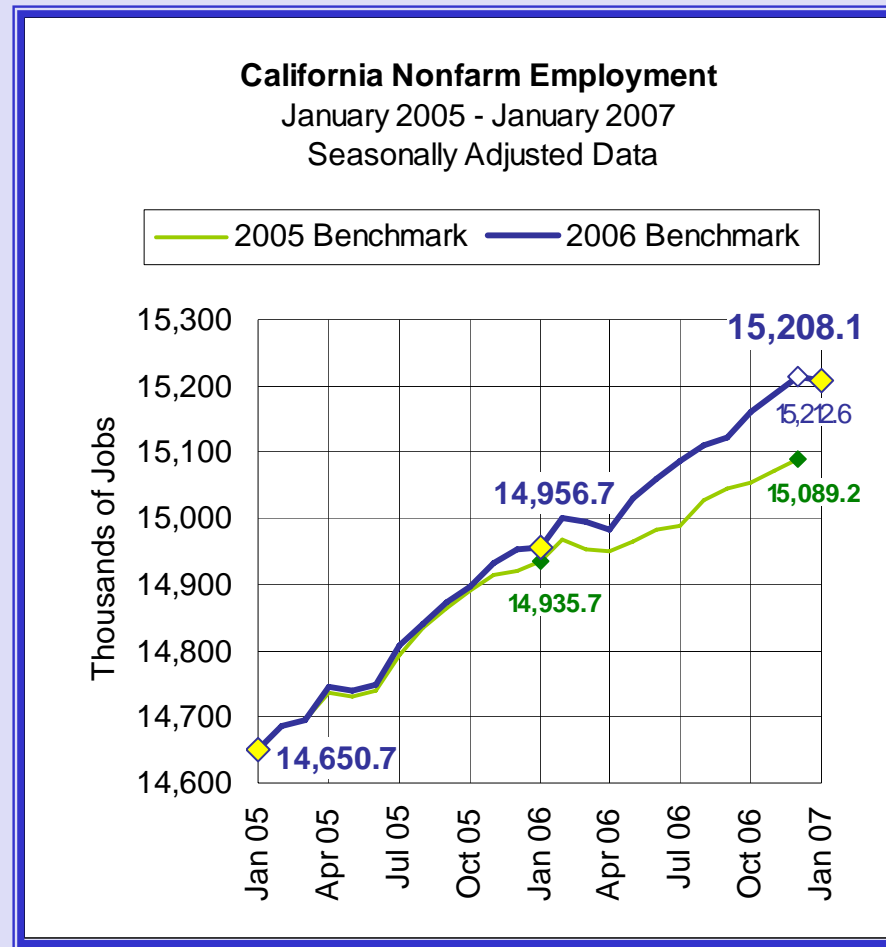
**California Labor Force:
Three-Year Trend**
March 2007; Seasonally Adjusted Data



**California Labor Force Participation Rate:
Three-Year Trend**
March 2007; Seasonally Adjusted Data



California Industry Employment Benchmark Revisions



California Industry Employment Benchmark Revisions

2005 Benchmark and 2006 Benchmark Comparisons Year-Over Job Growth in California in December 2006

DECEMBER 2006				
	<u>2005 Benchmark</u>		<u>2006 Benchmark</u>	
	<u>Number</u>	<u>Percent (%)</u>	<u>Number</u>	<u>Percent (%)</u>
Total Nonfarm	170.3	1.1	260.0	1.7
Natural Resources and Mining	1.2	5.1	1.8	7.4
Construction	-15.9	-1.7	0.2	0.0
Manufacturing	-1.3	-0.1	-1.8	-0.1
Trade, Transportation and Utilities	11.4	0.4	41.1	1.4
Information	7.6	1.6	-0.6	-0.1
Financial Activities	10.1	1.1	0.5	0.1
Professional and Business Services	45.0	2.1	80.3	3.7
Educational and Health Services	33.3	2.1	43.3	2.7
Leisure and Hospitality	33.4	2.2	46.4	3.1
Other Services	6.4	1.2	6.6	1.3
Government	39.1	1.6	42.2	1.7

Key:

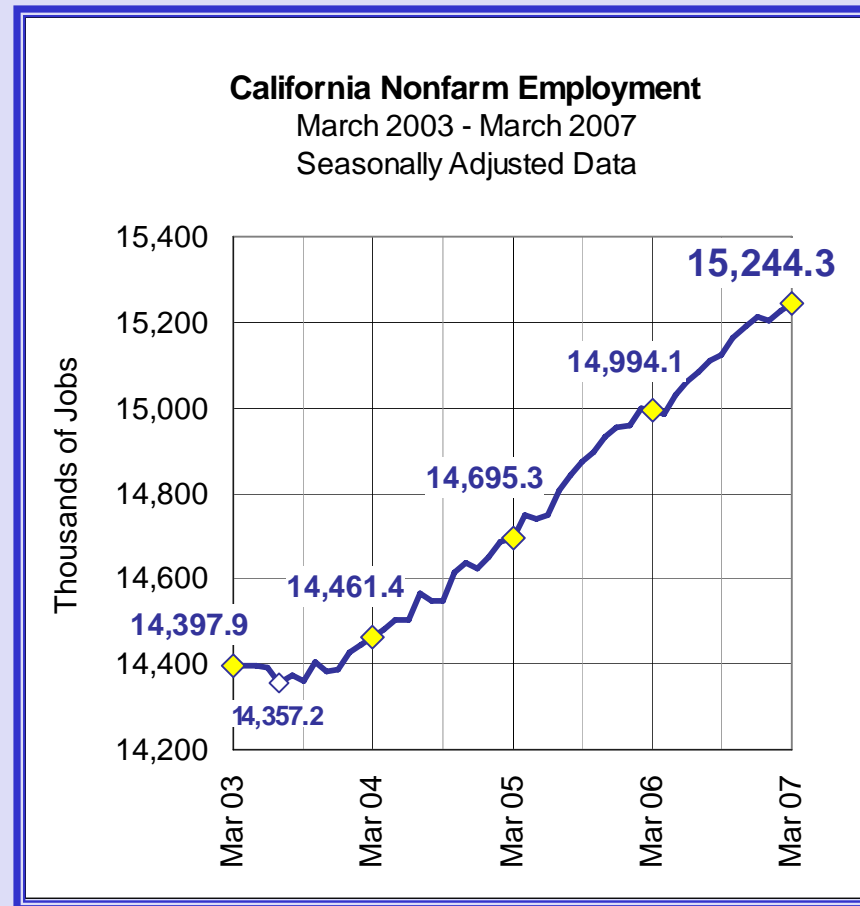
Light yellow shading: substantial upward revision

Darker gray shading: substantial downward revision

No shading: small revision up or down

California Current Trends

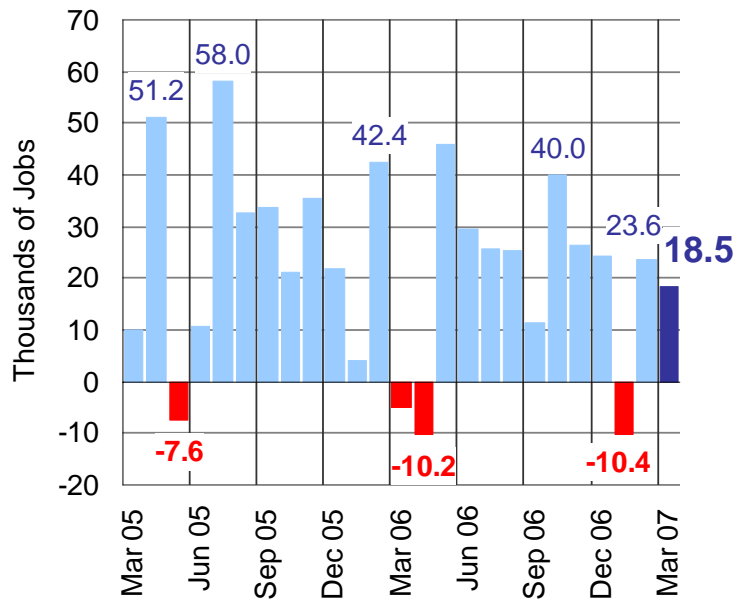
Nonfarm Payrolls



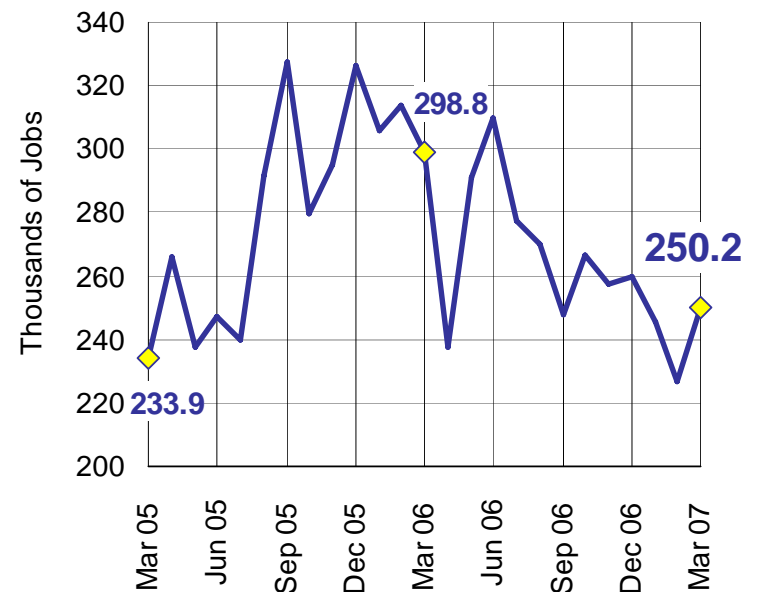
California Current Trends

Nonfarm Payrolls

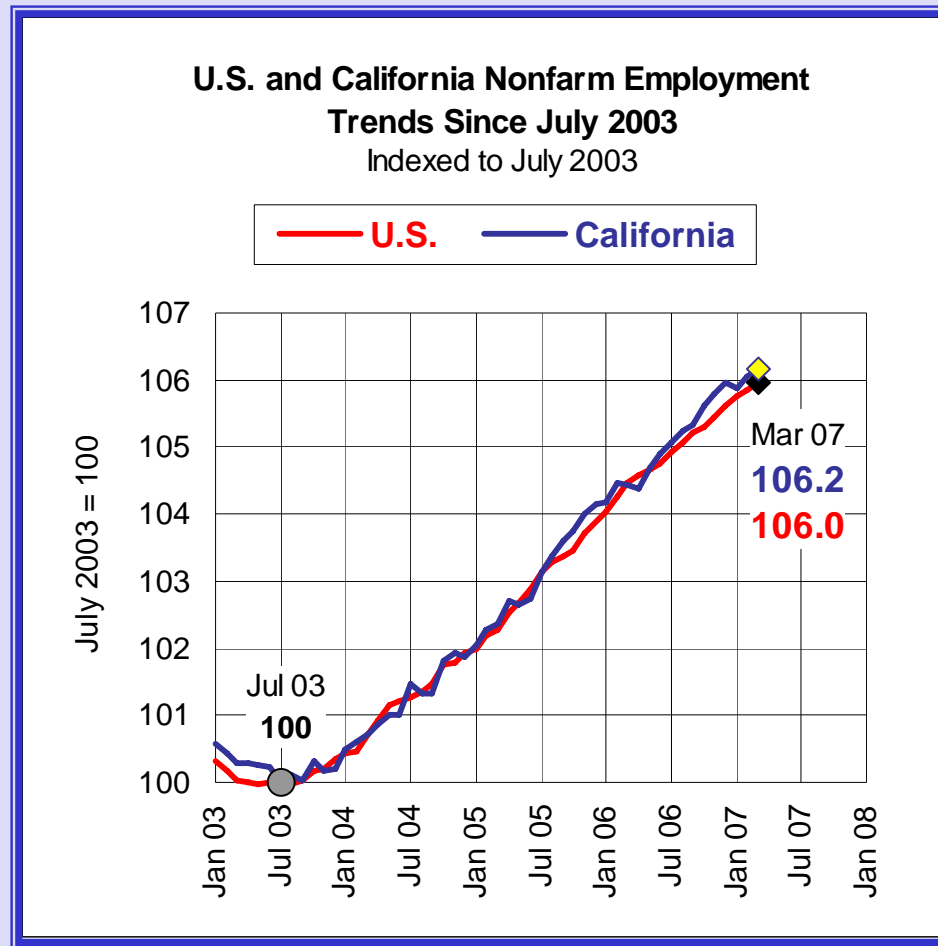
**Month-Over Changes in California
Nonfarm Jobs Over the Last Two Years**
March 2007; Seasonally Adjusted Data



**Year-Over Changes in California
Nonfarm Jobs over the Last Two Years**
March 2007; Seasonally Adjusted Data



U.S. and California Nonfarm Employment Trends Compared



California Current Trends

Industry Jobs

**Comparison of Year-Over Industry Job Growth in California
March 2007 Vs. March 2006**

	<u>March 2006</u>		<u>March 2007</u>		<u>Difference</u> (Mar 07 less Mar 06)	
	Number	Percent	Number	Percent	Number	Percent
Total Nonfarm	298.8	2.0	250.2	1.7	-48.6	-0.3
Natural Resources and Mining	1.3	5.6	1.5	6.1	0.2	0.5
Construction	52.5	5.9	9.2	1.0	-43.3	-4.9
Manufacturing	-7.4	-0.5	-5.6	-0.4	1.8	0.1
Trade, Transportation and Utilities	61.3	2.2	44.5	1.6	-16.8	-0.6
Information	-5.2	-1.1	0.7	0.1	5.9	1.2
Financial Activities	22.8	2.5	1.4	0.1	-21.4	-2.4
Professional and Business Services	72.1	3.4	65.9	3.0	-6.2	-0.4
Educational and Health Services	30.9	2.0	45.4	2.8	14.5	0.8
Leisure and Hospitality	46.5	3.2	40.2	2.7	-6.3	-0.5
Other Services	-4.7	-0.9	7.3	1.5	12.0	2.4
Government	28.7	1.2	39.7	1.6	11.0	0.4

Key:

Improvement.

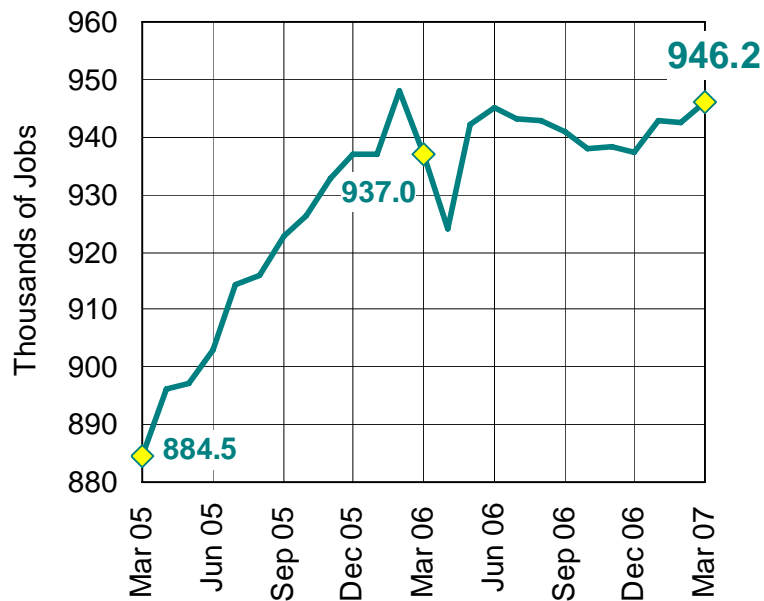
Worsening.

California Current Trends

Construction Employment

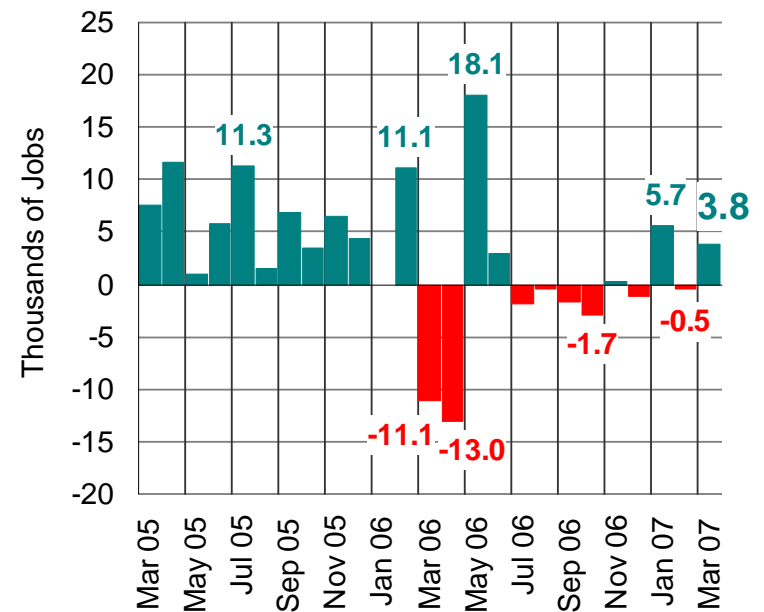
**California Construction Jobs:
Two-Year Trend**

March 2007; Seasonally Adjusted Data



**Month-Over Change in California
Construction Jobs**

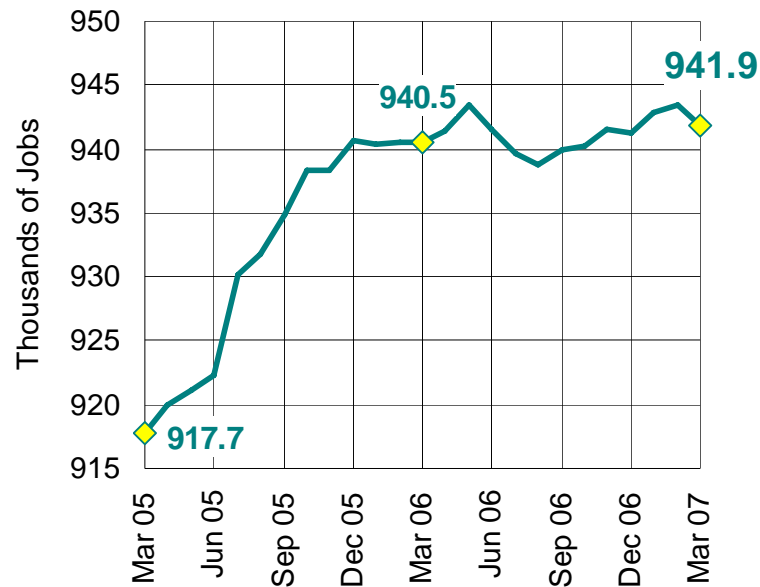
March 2007; Seasonally Adjusted Data



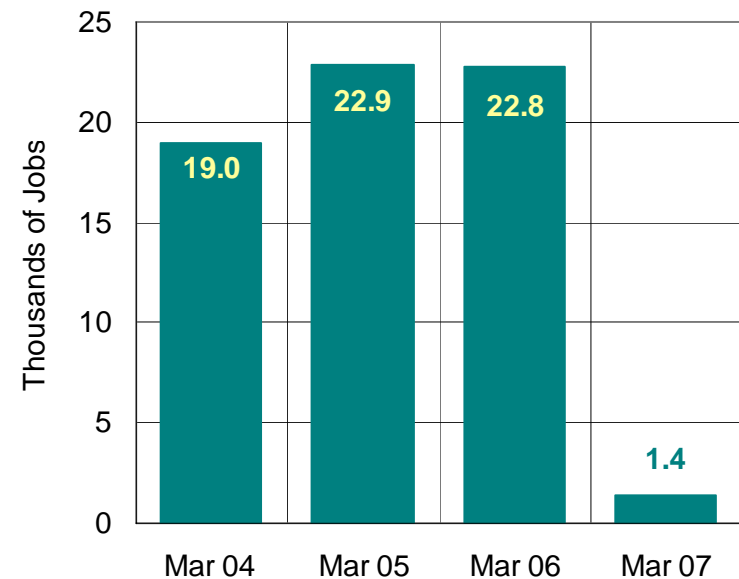
California Current Trends

Financial Activities Employment

**California Financial Activities Jobs:
Two-Year Trend**
March 2007; Seasonally Adjusted Data



**California Financial Activities
Year-Over Changes In Jobs**
March 2004 - March 2007



California Current Trends Regional Construction Employment

CONSTRUCTION						
Comparison of Year-Over Job Change in California Economic Regions						
March 2007 Vs. March 2006						
(Not Seasonally Adjusted Data)						
	MARCH 2007		MARCH 2006		<u>DIFFERENCE</u> 2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
California	7,900	0.9	52,300	6.1	-44,400	-5.2
<u>LARGER REGIONS</u>						
Bay Area	7,100	3.7	4,900	2.6	2,200	1.1
Greater Sacramento	2,400	3.3	-2,400	-3.2	4,800	6.4
San Joaquin Valley	-900	-1.0	8,400	10.6	-9,300	-11.7
Southern Border	-6,100	-6.4	4,300	4.8	-10,400	-11.2
Southern California	600	0.1	38,000	10.3	-37,400	-10.1
<u>SMALLER REGIONS</u>						
Central Coast	700	2.8	1,400	5.9	-700	-3.1
Central Sierra	120	3.1	170	4.6	-50	-1.5
Northern California	310	5.0	370	6.3	-60	-1.3
Northern Sacramento Valley	280	3.0	590	6.7	-310	-3.7

Note: Regional job totals do not add up to the California total due to the presence of statewide reporters.

California Current Trends

Regional Financial Activities Employment

FINANCIAL ACTIVITIES						
Comparison of Year-Over Job Change in California Economic Regions						
March 2007 Vs. March 2006						
(Not Seasonally Adjusted Data)						
	MARCH 2007		MARCH 2006		<u>DIFFERENCE</u> 2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
California	1,500	0.2	22,600	2.5	-21,100	-2.3
<u>LARGER REGIONS</u>						
Bay Area	2,300	1.1	2,200	1.0	100	0.0
Greater Sacramento	400	0.6	2,500	3.8	-2,100	-3.2
San Joaquin Valley	-200	-0.4	2,000	4.3	-2,200	-4.7
Southern Border	-2,400	-2.8	2,100	2.5	-4,500	-5.3
Southern California	-200	0.0	14,400	3.2	-14,600	-3.2
<u>SMALLER REGIONS</u>						
Central Coast	0	0.0	400	2.1	-400	-2.1
Central Sierra	-10	-0.5	160	8.7	-170	-9.2
Northern California	40	0.8	140	3.0	-100	-2.2
Northern Sacramento Valley	-200	-2.5	-30	-0.4	-170	-2.1

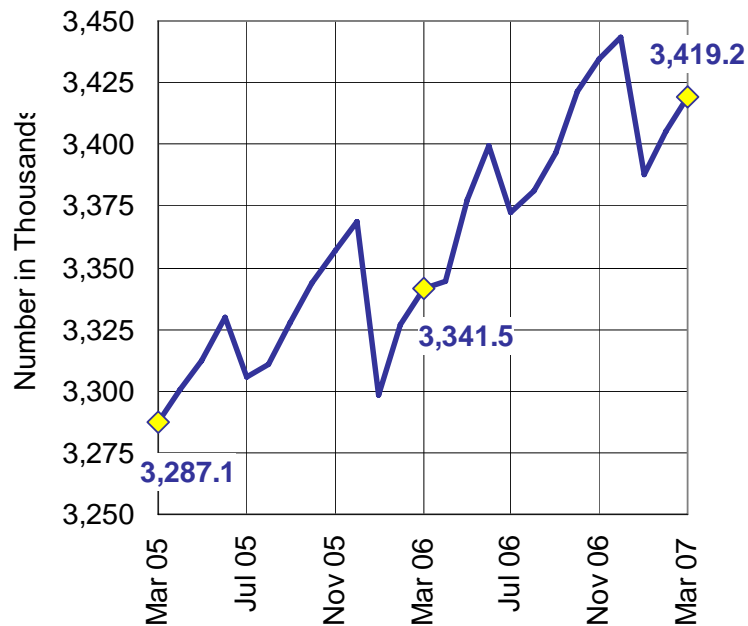
Note: Regional job totals do not add up to the California total due to the presence of statewide reporters.

California Regional Trends

Bay Area

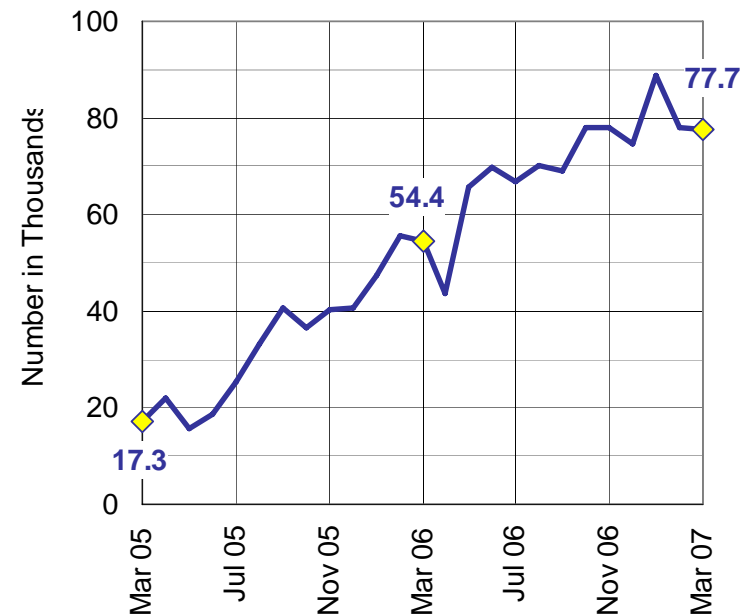
Bay Area Nonfarm Jobs

March 2005 - March 2007
(Not Seasonally Adjusted Data)



Bay Area Nonfarm Jobs Year-Over Change in Jobs

March 2005 - March 2007



California Area Trends

Bay Area Industries

BAY AREA REGION						
Comparison of Year-Over Job Industry Change						
March 2007 Vs. March 2006						
	MARCH 2007		MARCH 2006		<u>DIFFERENCE</u> 2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
Total Nonfarm Employment	77,700	2.3	54,400	1.7	23,300	0.7
Napa MSA	2,400	3.9	400	0.7	2,000	3.3
Oakland-Fremont-Hayward MD	15,800	1.5	12,000	1.2	3,800	0.4
San Francisco-San Mateo-Redwood City MD	25,500	2.7	13,900	1.5	11,600	1.2
San Jose-Sunnyvale-Santa Clara MSA	21,800	2.5	20,500	2.4	1,300	0.1
Santa Cruz-Watsonville MSA	2,500	2.6	1,900	2.1	600	0.6
Santa Rosa-Petaluma MSA	6,200	3.3	2,400	1.3	3,800	2.0
Vallejo-Fairfield MSA	3,500	2.7	3,300	2.6	200	0.1
Natural Resources and Mining	400	19.0	100	5.0	300	14.0
Construction	7,100	3.7	4,900	2.6	2,200	1.1
Manufacturing	3,600	1.0	-1,200	-0.3	4,800	1.3
TTU	7,400	1.3	5,400	0.9	2,000	0.3
Information	600	0.5	-700	-0.6	1,300	1.1
Financial Activities	2,300	1.1	2,200	1.0	100	0.0
Professional and Business Services	22,200	4.0	17,900	3.3	4,300	0.7
Educational and Health Services	12,500	3.2	10,100	2.7	2,400	0.6
Leisure and Hospitality	11,100	3.4	10,600	3.4	500	0.0
Other Services	2,200	1.9	-300	-0.3	2,500	2.2
Government	8,300	1.7	5,400	1.1	2,900	0.6

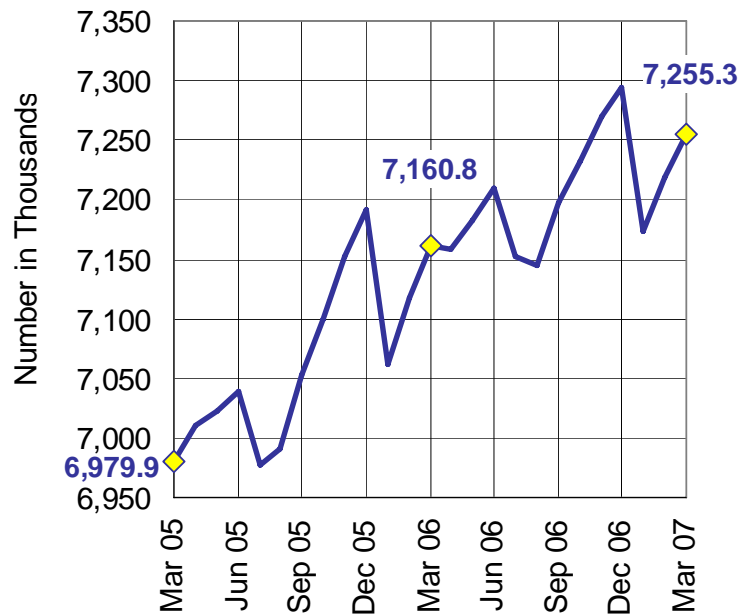
California Regional Trends

Southern California (L.A. Basin)

Southern California Nonfarm Jobs

March 2005 - March 2007

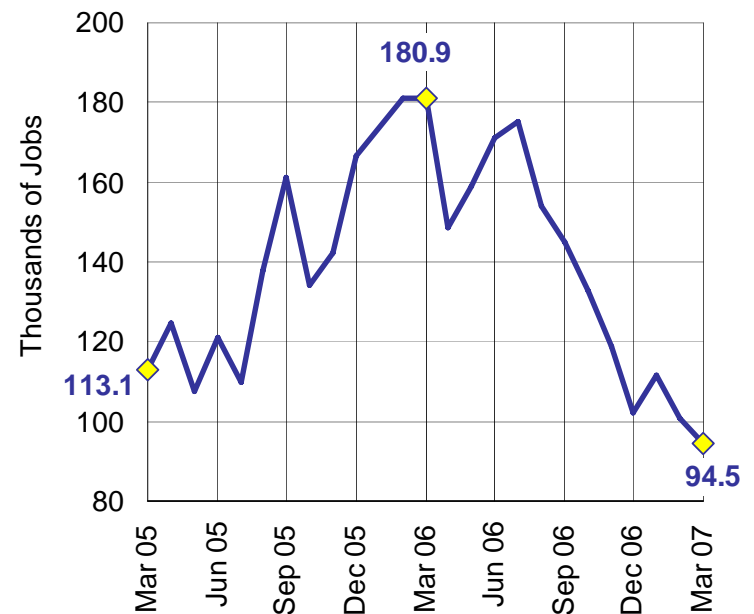
Not Seasonally Adjusted Data



Southern California Nonfarm Jobs

Year-Over Change in Number

March 2005 - March 2007



California Regional Trends

Southern California Industries

SOUTHERN CALIFORNIA REGION Comparison of Year-Over Job Industry Change March 2007 Vs. March 2006

	MARCH 2007		MARCH 2006		2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
Total Nonfarm Employment	94,500	1.3	180,900	2.6	-86,400	-1.3
Los Angeles-Long Beach-Glendale MD	37,700	0.9	80,800	2.0	-43,100	-1.1
Oxnard-Thousand Oaks-Ventura MSA	3,500	1.2	6,200	2.1	-2,700	-1.0
Riverside-San Bernardino-Ontario MSA	40,000	3.2	59,200	4.9	-19,200	-1.7
Santa Ana-Anaheim-Irvine MD	13,300	0.9	34,700	2.4	-21,400	-1.5
Natural Resources and Mining	0	0.0	400	6.2	-400	-6.2
Construction	600	0.1	38,000	10.3	-37,400	-10.1
Manufacturing	-7,500	-0.9	-4,400	-0.5	-3,100	-0.4
TTU	14,900	1.1	43,900	3.2	-29,000	-2.2
Information	-500	-0.2	500	0.2	-1,000	-0.4
Financial Activities	-200	0.0	14,400	3.2	-14,600	-3.2
Professional and Business Services	23,800	2.3	43,600	4.4	-19,800	-2.1
Educational and Health Services	27,200	3.5	15,400	2.0	11,800	1.5
Leisure and Hospitality	15,400	2.2	21,500	3.1	-6,100	-1.0
Other Services	4,400	1.8	700	0.3	3,700	1.5
Government	16,400	1.6	6,900	0.7	9,500	0.9

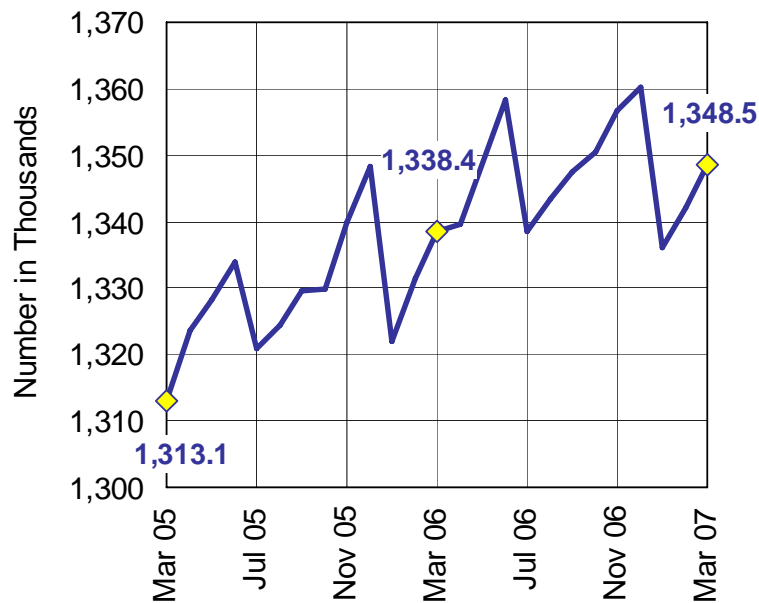
California Regional Trends

Southern Border (San Diego)

Southern Border Nonfarm Jobs

March 2005 - March 2007

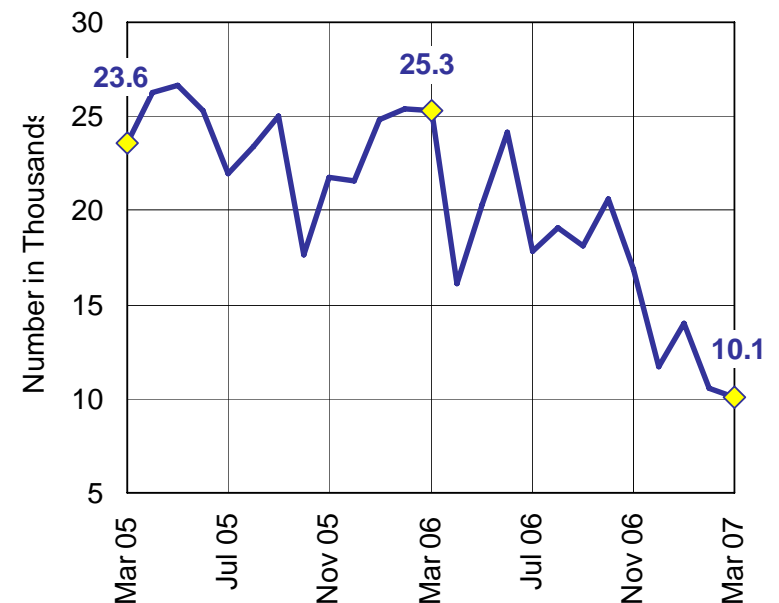
Not Seasonally Adjusted Data



Southern Border Nonfarm Jobs

Year-Over Change in Jobs

March 2005 - March 2007



California Regional Trends

Southern Border Industries

SOUTHERN BORDER REGION						
Comparison of Year-Over Job Industry Change						
March 2007 Vs. March 2006						
	MARCH 2007		MARCH 2006		2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
Total Nonfarm Employment	10,100	0.8	25,300	1.9	-15,200	-1.2
El Centro MSA	1,500	3.4	2,700	6.5	-1,200	-3.1
San Diego-Carlsbad-San Marcos MSA	8,600	0.7	22,600	1.8	-14,000	-1.1
Natural Resources and Mining	100	25.0	0	0.0	100	25.0
Construction	-6,100	-6.4	4,300	4.8	-10,400	-11.2
Manufacturing	-1,700	-1.6	100	0.1	-1,800	-1.7
TTU	-1,100	-0.5	4,000	1.8	-5,100	-2.2
Information	700	1.9	-400	-1.1	1,100	2.9
Financial Activities	-2,400	-2.8	2,100	2.5	-4,500	-5.3
Professional and Business Services	4,600	2.1	4,100	1.9	500	0.2
Educational and Health Services	2,600	2.0	2,800	2.2	-200	-0.2
Leisure and Hospitality	6,400	4.1	6,600	4.5	-200	-0.3
Other Services	1,800	3.7	-900	-1.8	2,700	5.5
Government	5,200	2.2	2,600	1.1	2,600	1.1

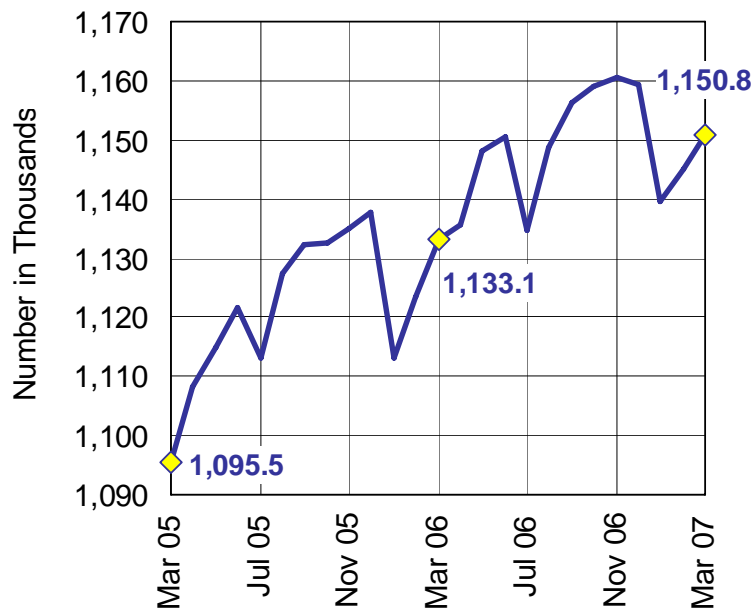
California Regional Trends

San Joaquin Valley

San Joaquin Valley Nonfarm Jobs

March 2005 - March 2007

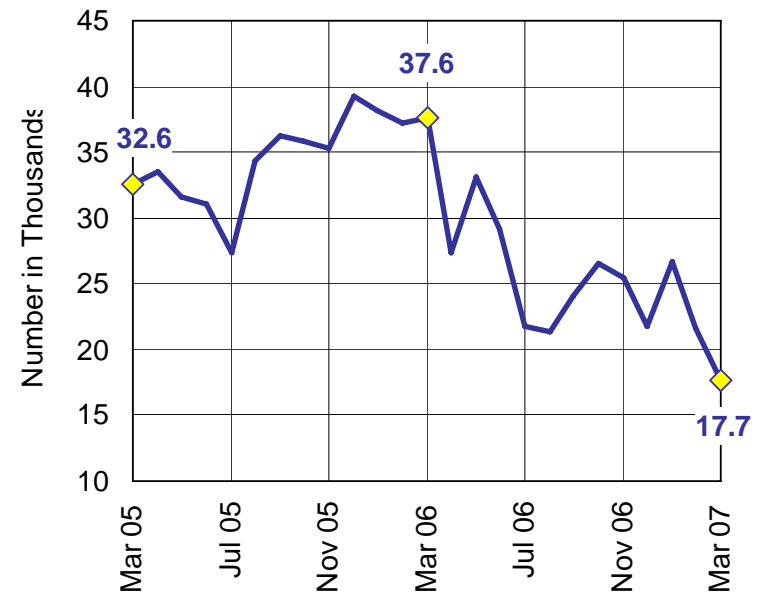
Not Seasonally Adjusted Data



San Joaquin Valley Nonfarm Jobs

Year-Over Change in Jobs

March 2005 - March 2007



California Regional Trends

San Joaquin Valley Industries

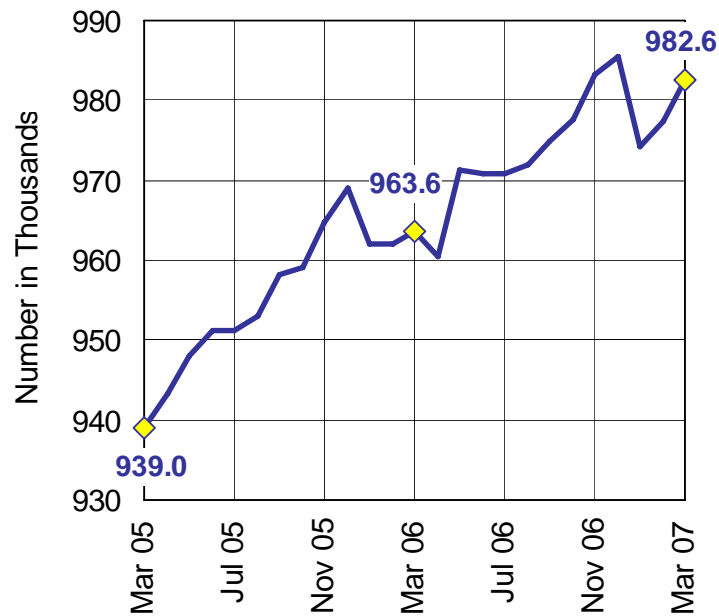
SAN JOAQUIN VALLEY REGION Comparison of Year-Over Job Industry Change March 2007 Vs. March 2006						
	MARCH 2007		MARCH 2006		2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
Total Nonfarm Employment	17,700	1.6	37,600	3.4	-19,900	-1.9
Bakersfield MSA	6,300	2.7	12,500	5.7	-6,200	-3.0
Fresno MSA	2,300	0.8	11,800	4.1	-9,500	-3.3
Hanford-Corcoran MSA	800	2.4	500	1.5	300	0.9
Madera MSA	1,600	4.6	1,900	5.8	-300	-1.2
Merced MSA	1,600	2.8	900	1.6	700	1.2
Modesto MSA	500	0.3	2,500	1.6	-2,000	-1.3
Stockton MSA	2,200	1.1	3,400	1.7	-1,200	-0.6
Visalia-Porterville MSA	2,400	2.2	4,100	3.8	-1,700	-1.7
Natural Resources and Mining	500	5.3	700	8.0	-200	-2.7
Construction	-900	-1.0	8,400	10.6	-9,300	-11.7
Manufacturing	600	0.5	2,300	2.1	-1,700	-1.6
TTU	5,100	2.2	8,400	3.8	-3,300	-1.6
Information	-300	-2.0	-700	-4.4	400	2.4
Financial Activities	-200	-0.4	2,000	4.3	-2,200	-4.7
Professional and Business Services	3,400	3.2	4,300	4.3	-900	-1.0
Educational and Health Services	1,600	1.2	3,500	2.8	-1,900	-1.5
Leisure and Hospitality	3,300	3.4	4,900	5.2	-1,600	-1.9
Other Services	-500	-1.4	-600	-1.7	100	0.3
Government	5,100	1.9	4,400	1.7	700	0.2

California Regional Trends

Greater Sacramento

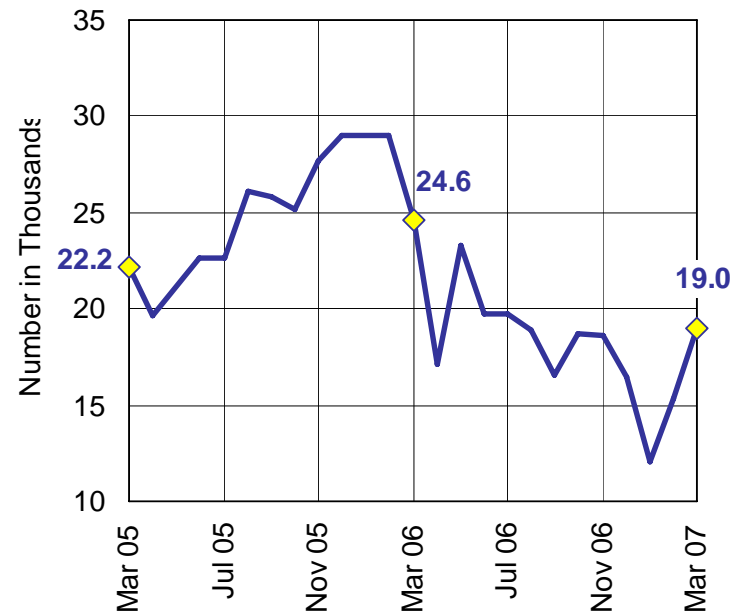
Greater Sacramento Nonfarm Jobs

March 2005 - March 2007
Not Seasonally Adjusted Data



Greater Sacramento Nonfarm Jobs

Year-Over Change in Jobs
March 2005 - March 2007



California Regional Trends

Greater Sacramento Industries

GREATER SACRAMENTO REGION						
Comparison of Year-Over Job Industry Change						
March 2007 Vs. March 2006						
	MARCH 2007		MARCH 2006		2007 Less 2006	
	Change in Number	Change in Percent	Change in Number	Change in Percent	Number	Percent
Total Nonfarm Employment	19,000	2.0	24,600	2.6	-5,600	-0.6
Nevada County	-70	-0.2	150	0.5	-220	-0.7
Sacramento-Arden Arcade-Roseville MSA	18,200	2.0	22,700	2.6	-4,500	-0.6
Yuba City MSA	900	2.2	1,700	4.4	-800	-2.2
Natural Resources and Mining	100	9.1	100	10.0	0	-0.9
Construction	2,400	3.3	-2,400	-3.2	4,800	6.4
Manufacturing	-900	-1.7	700	1.3	-1,600	-3.0
TTU	2,100	1.3	5,500	3.5	-3,400	-2.2
Information	200	1.0	-500	-2.4	700	3.4
Financial Activities	400	0.6	2,500	3.8	-2,100	-3.2
Professional and Business Services	2,900	2.6	5,500	5.2	-2,600	-2.6
Educational and Health Services	3,500	3.5	4,400	4.6	-900	-1.1
Leisure and Hospitality	2,000	2.1	4,200	4.7	-2,200	-2.6
Other Services	800	2.6	-600	-1.9	1,400	4.5
Government	5,500	2.2	5,100	2.1	400	0.1